



Secondary Market Disclosure An Issuer's Perspective

Odile Disch-Bhadkamkar

Senior Director of Finance and Bondholder Relations

Stanford University

<http://bondholder-information.stanford.edu>

September 10, 2007

Stanford University's Debt Portfolio Overview

- ❑ Stanford University's debt portfolio \$1.3 Billion FY 2006.
- ❑ Diversified debt portfolio 2/3 tax-exempt 1/3 taxable.
 - Tax-exempt fixed
 - Taxable fixed (Medium Term Notes)
 - Auction Rate Securities (taxable and tax-exempt)
 - Commercial paper (taxable and tax-exempt)
 - Variable Rate Demand Notes
- ❑ \$400M variable rate portfolio (daily, weekly resets).
- ❑ Continuing disclosure required on 15 issues outstanding.
- ❑ US Bank dissemination agent.
- ❑ Early adopters of CPO – efficient, timely disclosure.



Secondary Market Disclosure Challenges

- ❑ Minimum standard.
- ❑ Information not readily available to investors.
- ❑ Incomplete, encourages private inquiries and selective disclosure.
- ❑ Limited audience (bondholders, rating agencies, institutional investors).
- ❑ Retail investors do not have equal access.
- ❑ Not required for taxable debt, commercial paper, VRDN's.
- ❑ Negative impact on liquidity and pricing in secondary market.



Stanford's Approach

- ❑ Follow corporate model.
- ❑ Equal access to all investors as prescribed by SEC's Regulation FD.
- ❑ Information disseminated through the web.
- ❑ Primary disclosure upgraded to create a stronger base for secondary market disclosure.
 - Appendix A includes Financial Statements
 - 5 year summary of key financial trends included in Financial Statements
 - Underwriter's counsel and Trustees review Discussion of Financial Results
- ❑ Bondholder Information web site launched in 2002.
 - Content informed by institutional investors, NFMA's recommended best practices*, SEC's public comments on municipal disclosure.

* http://www.nfma.org/disclosure/rbp_higher_ed_append.pdf





Bondholder Information

[About Stanford](#)

[Financials](#)

[Securities](#)

[News Archive](#)

[Hospitals](#)

[FAQs](#)

Recent news

2007-2008 Stanford University Budget Plan (PDF)

By clicking on the following links you will leave the Bondholder Information website. Please review **Stanford's Disclaimer** on this information.

"Board of Trustees Raises Endowment Payout Rate" (read full story)

"\$33 million Lokey donation will help fund stem cell building" (read full story)

"New financial-aid program aims to help students from middle-income families" (read full story)

"Board of Trustees sets tuition for 2007-08" (read full story)

**THE
STANFORD
CHALLENGE**





Bondholder Information

[About Stanford](#)

[Financials](#)

[Securities](#)

• [Debt Instruments](#)

• [Credit Ratings](#)

• [Bankers](#)

• [Annual Disclosure Report](#)

[News Archive](#)

[Hospitals](#)

[FAQs](#)

Securities

Debt Instruments (Please see **Disclaimer** below)

Taxable Offerings

- [Commercial Paper and Other Variable Rate Debt Offerings \(PDF\)](#)
- [Medium Term Notes and Long Term Bonds \(PDF\)](#)

Tax-Exempt Offerings

- [Commercial Paper and Other Variable Rate Debt Offerings \(PDF\)](#)
- [Long Term Bonds \(PDF\)](#)

Official Statements

The Official Statements below are available for download in PDF format.

Taxable Offerings

- [Stanford University Medium Term Notes Series A3, due April 30, 2011 \(PDF\)](#)



Securities/ Debt Instruments/ Tax-Exempt Offerings

Tax-Exempt Long Term Bonds

I. Tax-Exempt -- California Educational Facilities Authority (Refunding) Revenue Bonds (Stanford University)

Description:

You may click on the issue names below to access the Official Statements.

Issue	Principal Amount	Coupon	Issue Date	Maturity Date	CUSIP Number	Lead Underwriter
Series M	\$28,320,000	5.25%	February 5, 1997	December 1, 2026	1301074J97	Prager, McCarthy & Sealy, LLC
Series N	\$50,000,000	5.35%	September 16, 1997	June 1, 2027	130174U52	Prager, McCarthy & Sealy, LLC
Series N	\$130,000,000	5.20%	September 16, 1997	December 1, 2027	130174U45	Prager, McCarthy & Sealy, LLC
Series O	\$89,555,000	5.125%	October 6, 1998	January 1, 2031	130175QD7	Goldman, Sachs & Co.
Series P	\$51,260,000	5.25%	March 30, 1999	December 1, 2013	130175BA9	Morgan Stanley Dean Witter
Series P	\$59,180,000	5.00%	March 30, 1999	December 1, 2013	130175BB7	Morgan Stanley Dean Witter
Series Q	\$101,860,000	5.25%	May 3, 2001	December 1, 2032	130175QD7	Morgan Stanley Dean Witter



SEC's Public Comments on the Use of Electronic Media for Secondary Market Disclosure

“Federal securities laws apply in the same manner to the content of the issuers’ web sites as to any other statement made by or attributable to them.”

- Material information must be released promptly.
- The information must be accurate, complete, and not misleading to comply with antifraud provisions.
- Investors should not be confused about the source of the information.
- Information provided should be dated.
- The content must be up to date.
- Historical information should be segregated.
- Embedded hyperlinks to third parties are considered part of the issuer’s disclosure unless the visitor is informed that he/she is leaving the issuer’s web site.



Benefits

- ❑ Low set up cost.
- ❑ Most of the content already resides on Stanford's web site.
- ❑ Timely distribution of financial information and broader outreach.
- ❑ Well received by buy-side analysts, ratings agencies and financial press.
- ❑ Electronic distribution of Annual Report, Budget Plan and Annual Disclosure Report saves printing costs.
- ❑ Strong usage statistics.



Challenges

- ❑ Extensive use of disclaimers for time dated material, and links to third parties.
- ❑ Expert legal advice required to design disclaimers and review web site content.
- ❑ Decentralized University environment. Orchestrating the release of financial information with appropriate review requires effort.
- ❑ Web site content must be updated for news stories, financial statements, press releases.

Requires daily attention!



Bondholder Information Site Map

